

Official Statement**Soquel Creek County Water District
Santa Cruz County, California****\$1,750,000****1976 Water Revenue Bonds
Series A**INSTITUTE OF GOVERNMENTAL
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BIDS TO BE RECEIVED BY A REPRESENTATIVE OF THE BOARD OF DIRECTORS OF THE SOQUEL CREEK COUNTY WATER DISTRICT AT THE OFFICES OF STONE & YOUNGBERG MUNICIPAL FINANCING CONSULTANTS, INC., ONE CALIFORNIA STREET, SUITE 2750, SAN FRANCISCO, CALIFORNIA, UP TO THE HOUR OF 11:00 O'CLOCK A.M. ON MONDAY, DECEMBER 6, 1976.



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OFFICIAL NOTICE OF SALE

\$1,750,000 SOQUEL CREEK COUNTY WATER DISTRICT 1976 WATER REVENUE BONDS, SERIES A

NOTICE IS HEREBY GIVEN that sealed proposals will be received and opened by a representative of the Board of Directors of Soquel Creek County Water District at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., One California Street, Suite 2750, San Francisco, California, at 11:00 o'clock A.M. on

MONDAY, DECEMBER 6, 1976

for the purchase of \$1,750,000 principal amount of Soquel Creek County Water District 1976 Water Revenue Bonds, Series A authorized to be issued under the provisions of a resolution of the Board of Directors of the District adopted on November 8, 1976, and pursuant to the Revenue Bond Law of 1941 of the State of California and Title 5, Division 2, Part 1, Chapter 3, Article 8 of the Government Code of the State of California. The bonds are issued in lieu of a like principal amount of unissued bonds authorized by the vote of the qualified voters of the District at an election held in the District on August 7, 1973, which unissued bonds have been cancelled. The bonds are more particularly described in the resolution (which is incorporated herein by reference) and a copy thereof will be furnished to any interested bidder upon request. The bonds are generally described herein.

ISSUE AND DENOMINATION: \$1,750,000, consisting of 350 bonds of the denomination of \$5,000 numbered A1 to A350, inclusive, all dated December 1, 1976.

INTEREST RATE: Maximum not to exceed eight per cent (8%) per annum, payable on March 1, 1977 and semiannually thereafter on March 1 and September 1 in each year. Bidders must specify the rate or rates of interest which the bonds shall bear; provided that (i) all bonds maturing by their terms in any one year must bear the same rate of interest; (ii) each interest rate specified must be in a multiple of 1/20 of 1% and a zero rate of interest cannot be specified; (iii) the difference between the highest and lowest coupon rates specified in any bid shall not exceed two per cent (2%); (iv) no bond shall bear more than one rate of interest, no interest payment shall be evidenced by more than one coupon, and supplemental coupons will not be permitted; (v) each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (vi) for the period beginning on March 1, 1996 and terminating on March 1, 2006, the interest rate specified for the bonds maturing in each year in such period shall not be less than the interest rate or rates specified for the bonds maturing in all prior years in such period; and (vii) any premium must be paid in bank funds as part of the purchase price and no bid will be accepted which contemplates the cancellation of any interest coupons or the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price in bank funds. Bids which do not conform to the terms of this paragraph will be rejected.

MATURITIES: The bonds will be numbered and will mature as follows:

Bond Numbers (inclusive) (All bearing prefix "A")	Principal Amount	Maturity Date March 1	Bond Numbers (inclusive) (All bearing prefix "A")	Principal Amount	Maturity Date March 1
1	\$ 5,000	1978	23- 24	\$ 10,000	1993
2	5,000	1979	25- 27	15,000	1994
3	5,000	1980	28- 45	90,000	1995
4	5,000	1981	46- 64	95,000	1996
5	5,000	1982	65- 84	100,000	1997
6	5,000	1983	85-106	110,000	1998
7	5,000	1984	107-129	115,000	1999
8	5,000	1985	130-154	125,000	2000
9- 10	10,000	1986	155-181	135,000	2001
11- 12	10,000	1987	182-210	145,000	2002
13- 14	10,000	1988	211-241	155,000	2003
15- 16	10,000	1989	242-275	170,000	2004
17- 18	10,000	1990	276-311	180,000	2005
19- 20	10,000	1991	312-350	195,000	2006
21- 22	10,000	1992			

REDEMPTION: Bonds maturing by their terms on or before March 1, 1991 are not subject to redemption prior to their respective maturity dates. Bonds maturing by their terms on or after March 1, 1992 are subject to redemption prior to their respective maturity dates, at the option of the District, as a whole, or in part in inverse numerical order, on any interest payment date on or after March 1, 1991, at the principal amount thereof and accrued interest to the date of redemption, together with a premium equal to one quarter of one per cent (1/4 of 1%) of such principal amount for each whole year and any fraction of a year remaining between the date of redemption and the stated maturity date thereof.

PAYMENT: Both principal and interest are payable in lawful money of the United States of America at the principal office of Bank of America National Trust and Savings Association, the Fiscal Agent of the District, in San Francisco, California.

REGISTRATION: Coupon bonds will be issued by the District. The bonds will be registrable only as to both principal and interest and are subject to discharge from registration and re-registration.

PURPOSE: The bonds are authorized for the purpose of providing funds for the acquisition and construction of improvements to the District water system.

SECURITY: The bonds are revenue bonds payable (together with the outstanding Soquel Creek County Water District 1964 Water Revenue Bonds) exclusively from the Revenues of the Enterprise (as those terms are defined in the resolution). Bidders are referred to the resolution and to the official statement for further particulars. A reserve fund will be maintained at an amount equal to the maximum annual debt service on the bonds and the outstanding Soquel Creek County Water District 1964 Water Revenue Bonds.

TAX EXEMPT STATUS: In the event that prior to the delivery of the bonds (a) the income received by any private holder from bonds of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse tax effect on holders of the bonds as such, the successful bidder may, at his option, prior to the tender of the bonds by the District, be relieved of his obligation under the contract to purchase the bonds and in such case the deposit accompanying his bid will be returned.

LEGAL OPINION: The legal opinion of Messrs. Orrick, Herrington, Rowley & Sutcliffe, of San Francisco, California,

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approving the validity of the bonds, will be furnished to the successful bidder without charge. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the purchaser.

TERMS OF SALE

HIGHEST BID: The bonds will be awarded to the highest bidder, considering the interest rate or rates specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the District would be required to pay from the date of the bonds to the respective maturity dates of the bonds at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the District. The purchaser must pay accrued interest from the date of the bonds to the date of delivery. All interest shall be computed on a 360-day year basis. The cost of printing the bonds will be borne by the District.

RIGHT OF REJECTION: The District reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The District will take action awarding the bonds or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

DELIVERY AND PAYMENT: Delivery of the bonds will be made to the successful bidder at the principal office of Bank of America National Trust and Savings Association, in San Francisco, California as soon as the bonds can be prepared.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at his option, to cancel the contract of purchase if the District shall fail to execute the bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

FORM OF BID: Each bid must be for not less than the par value of the bonds and accrued interest from the date of the bonds to date of delivery. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the Board of Directors of Soquel Creek County Water District and delivered to its representative prior to 11:00 o'clock A.M. on December 6, 1976 at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., One California Street, Suite 2750, San Francisco, California 94111, and endorsed "Proposal for Soquel Creek County Water District 1976 Water Revenue Bonds, Series A."

BID CHECK: With each bid must be submitted a certified check or cashier's check for \$20,000 drawn on a bank or trust company transacting business in the State of California, pay-

able to the order of the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of his bid. In addition, bidders are requested, but not required, to supply an estimate of the total net interest cost to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. Checks of the unsuccessful bidders will be returned by the District by mail promptly after the date of sale above specified. No interest will be paid upon the deposit made by any bidder.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the bonds, a copy of which, along with related legal documents, will be furnished upon request mailed to Stone & Youngberg Municipal Financing Consultants, Inc., One California Street, Suite 2750, San Francisco, California 94111, the financing consultant to the District for the bonds. Two hundred fifty (250) copies of the official statement will be supplied to the successful bidder without charge.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on said bonds but neither the failure to print such numbers on any bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for said bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment of and the printing of CUSIP numbers on the bonds shall be paid by the District.

CERTIFICATE: The District will provide to the purchaser of the bonds a certificate, signed by its President, confirming to the purchaser that, at the time of the acceptance of his bid for the bonds and at the time of delivery thereof, to the best of the knowledge, information and belief of said President, the official statement did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and there has been no material adverse change in the financial condition or affairs of the District between the date of sale and the date of delivery of the bonds.

There is no controversy or litigation pending concerning the validity of the bonds, and the District will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the bonds.

Dated: November 8, 1976

JACQUELYN J. YONEMURA
Secretary, Soquel Creek County
Water District

SOQUEL CREEK COUNTY WATER DISTRICT
Santa Cruz County, California

BOARD OF DIRECTORS

Kenneth F. Izant, *President*

Lawrence J. Bargetto

Mervyn J. Garibotto

John W. Beebe

Daniel F. Kriege

Robert M. Johnson, Jr.
General Manager and Chief Engineer

Adams, Levin, Kehoe, Bosso & Sachs
A Professional Corporation
District Counsel

Jacquelyn J. Yonemura
Secretary

PROFESSIONAL SERVICES

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*
Bond Counsel

James M. Montgomery, *Walnut Creek*
Consulting Engineers

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*
Financing Consultants

Bank of America N.T. & S.A., *San Francisco*
Fiscal Agent

County Bank of Santa Cruz
Depository

THE DATE OF THIS OFFICIAL STATEMENT IS NOVEMBER 8, 1976

Soquel Creek County Water District

DIRECTORS:
KENNETH F. IZANT, PRES.
LAWRENCE J. BARGETTO
MERVEN J. GARIBOTTO
DANIEL F. KRIEGER
JOHN W. BEEBE

P. O. BOX 158
SOQUEL, CALIFORNIA 95073
OFFICE: 5180 SOQUEL DRIVE, SOQUEL
TELEPHONE: (408) 475-8500

JACQUELYN J. YONEMURA
SECRETARY
ROBERT M. JOHNSON, JR.
GENERAL MANAGER
CHIEF ENGINEER

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$1,750,000 principal amount of 1976 Water Revenue Bonds, Series A, proposed to be issued by the Soquel Creek County Water District.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the District (which firm will receive compensation from the District contingent upon the sale and delivery of the Bonds). Summaries of the Resolution of Issuance and other documents and reports contained herein do not purport to be complete or authoritative and reference is made to such documents on file at the offices of the District for further information concerning legal and/or technical matters.

This Official Statement is not to be construed as a contract with the purchasers of the Series A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The legal opinion approving the validity of the Bonds will be furnished by Orrick, Herrington, Rowley & Sutcliffe, San Francisco, Bond Counsel. The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the caption "The Bonds".

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been authorized by the District.

Dated: November 8, 1976

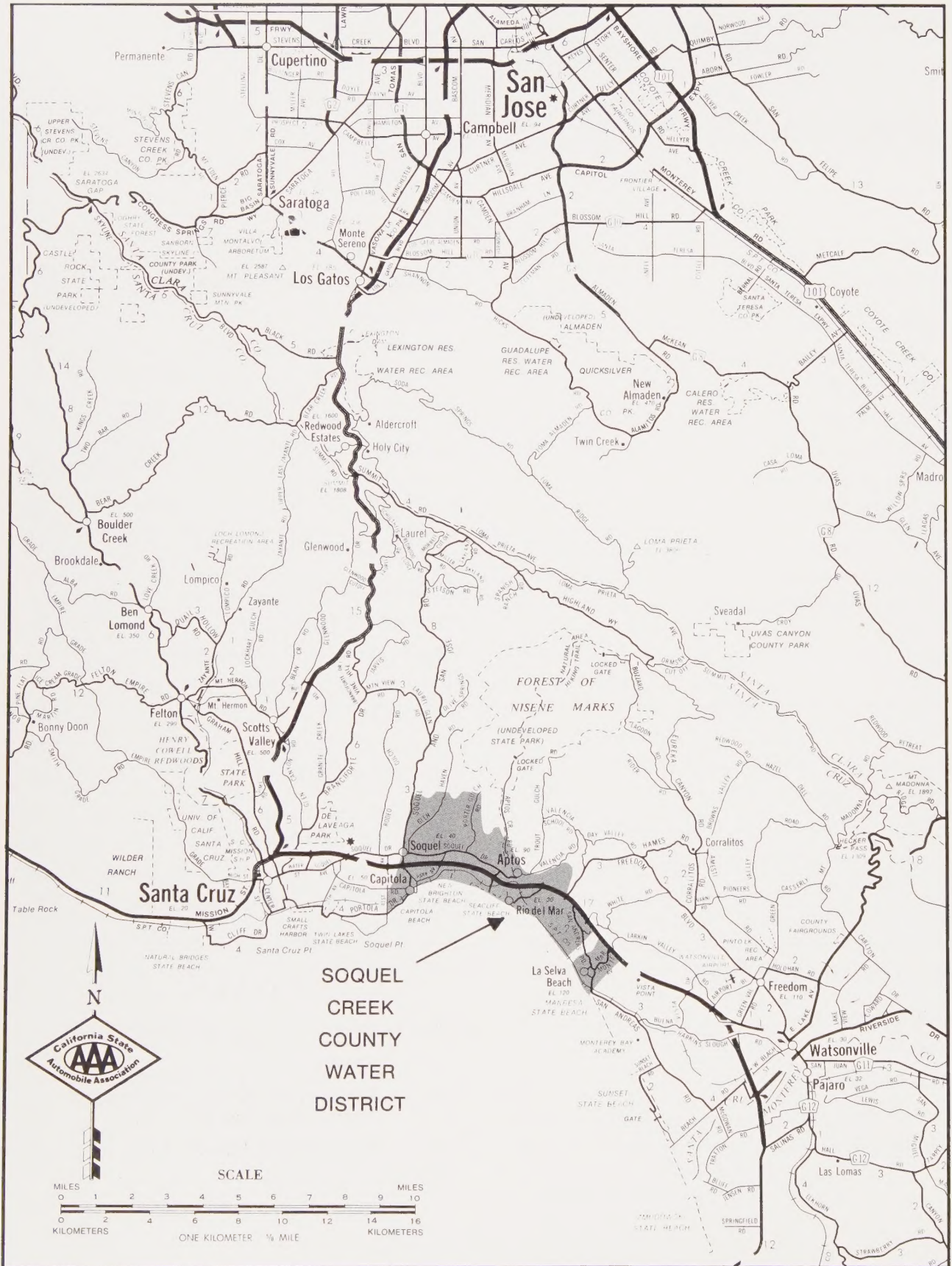
Kenneth F. Izant, *President*
Soquel Creek County Water District

CONTENTS

Introduction	1	Capital Improvement Program	11
The Bonds	2	The Project	11
Authority for Issuance	2	Environmental Considerations	12
Terms of Sale	2	Water Rates	12
Description of the Bonds	2	Revenues and Expenses, Balance Sheet	12
Redemption Provisions	2	Financial Data	15
Notice of Redemption	3	Assessed Valuation	15
Registration	3	Tax Rates	15
Legal Opinion	3	Tax Levies and Delinquencies	16
Tax Exempt Status	3	The District and Vicinity	17
Fiscal Agent and Depositary	3	Population	17
Purpose	3	Income and Social Characteristics	17
Security	3	Employment and Industry	19
Disposition of Bond Proceeds	3	Agriculture	23
Bond Reserve Fund	4	Commercial Activity	23
Maintenance and Operation Fund	4	New Construction	24
Creation of Special Funds	4	Transportation	25
Deposit and Application of Revenues	4	Utilities	25
Establishment of Fees, Rates, Tolls and Charges	6	Education	25
Additional Bonds	6	Community Facilities and Recreation	25
Additional Covenants	7		
Estimated Annual Bond Service	8		
The Enterprise	9		
History	9		
District Operations	9		
Service Area	9		
Existing Water System	10		

TABLES

Table 1.	1964 and 1976 Water Revenue Bonds, Estimated Total Bond Service	8
Table 2.	Summary of Income and Expenses, Year Ending June 30	13
Table 3.	Balance Sheet June 30, 1976	14



Vicinity Map

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INTRODUCTION

The Soquel Creek County Water District was formed in 1961 for the purpose of acquiring and improving the then private water systems serving the area. Water revenue bonds in the amount of \$1,175,000 were issued by the District in February 1964 to finance the acquisition and improvement of the water systems serving the area. Presently there is a total of \$920,000 of these bonds outstanding.

The District's service area is approximately seventeen square miles within Santa Cruz County and includes the City of Capitola and the unincorporated communities of Aptos, La Selva Beach, Opal Cliffs, Rio Del Mar, Seacliff and Soquel. The District's western boundary is within approximately two miles of the City of Santa Cruz. The District has a total of 9,041 active service connections as of June 30, 1976, compared to 5,400 service connections when the District assumed operations in 1964. The 1976 population of the District is estimated at 29,000.

The \$1,750,000 principal amount of 1976 Water Revenue Bonds, Series A will be used to finance construction of additional water supply, storage and treatment facilities, and to upgrade portions of the distribution systems as a part of the District's planned ten-year water development program. A total of \$5,000,000 of water revenue bonds was authorized by the District's voters for this purpose in 1973.

The Resolutions authorizing the issuance of the 1964 Bonds and the 1976 Series A Bonds provide that the Bonds are secured by a first lien on the gross revenues of the water Enterprise. The District is required to maintain rates and charges which will provide a ratio of net revenues to bond service of 1.35 times. The 1975/76 net revenues of the District indicate a coverage ratio of 2.44 times the estimated maximum annual bond service on the 1964 Bonds and the 1976 Series A to be issued.

Net revenues are defined as all revenues derived by the District from the Enterprise or arising from the Enterprise except customer credit deposits and

certain reimbursable connection fees, less necessary and reasonable maintenance and operation costs of the Enterprise.

The Resolution of Issuance for the 1964 Bonds (Resolution No. 64-1) provides that the District will maintain rates and charges sufficient to produce annual net revenues equal to at least 1.35 times the annual debt service on all outstanding water revenue bonds.

Resolution No. 76-41 for the 1976 Series A Bonds provides for the payment by the Fiscal Agent from bond proceeds to the existing Bond Reserve Fund of an amount to increase this fund to equal the maximum annual debt service on the 1964 and 1976 Series A Bonds. Accrued interest will be deposited in the Bond Interest Fund. The balance of proceeds will be deposited in the Water System Improvement Fund.

Additional water revenue bonds may be issued on a parity with outstanding revenue bonds, providing the District is in compliance with all of the terms of the Resolutions No. 64-1 and 76-41, funds are provided for increasing the reserve fund to equal the maximum annual debt service on the Bonds then outstanding and any additional bonds, and coverage of 1.35 is maintained. No additional bond issues are contemplated by the District until late 1978.

The 1976/77 assessed value of the District is \$119,988,060, exclusive of an unsecured tax roll estimated at \$1,852,300. The District meets all of its operating expenses, including debt service, from operating revenues. No taxes have been levied by the District since 1970/71. The District has no bonded indebtedness other than the outstanding 1964 Water Revenue Bonds and the 1976 Water Revenue Bonds, Series A, currently offered for sale.

The District is characterized as a residential, trading and resort area. In the summer, many vacationers and visitors are attracted to the parks and beaches within the District. In recent years several large condominium complexes have been constructed within the District as well as many new homes. There are two large shopping centers within the District and a third shopping center is under construction. The District's permanent residential base consists of retired persons and people who commute to businesses and industrial activities in Santa Cruz, Watsonville and the greater San Jose area. The District also contains the campus of Cabrillo College and is within six miles of the Santa Cruz campus of the University of California.

THE BONDS

Authority for Issuance

The \$1,750,000 Soquel Creek County Water District 1976 Water Revenue Bonds, Series A currently being offered for sale is the first issue of \$5,000,000 of water revenue bonds issued in lieu of a like principal amount of bonds authorized by a majority of the voters voting at a special election held within the District on August 7, 1973. Issuance of the Bonds is authorized by Resolution No. 76-41 of the Board of Directors adopted November 8, 1976, a copy of which accompanies this official statement.

The Bonds will be issued pursuant to and in conformity with the Revenue Bond Law of 1941 (Chapter 6, Part 1, Division 2, Title 5 of the California Government Code, commencing with Section 54300, and Title 5, Division 2, Part 1, Chapter 3, Article 8 of the California Government Code). No additional series of 1976 Bonds are anticipated by the District for a period of at least two years.

A total principal amount of \$1,175,000 of 1964 Water Revenue Bonds was issued under the Revenue Bond Law of 1941 by the District in February 1964 pursuant to Resolution 64-1 of the District adopted January 6, 1964. A total of \$920,000 of the 1964 issue is presently outstanding. Resolution 64-1 permits the District to issue additional revenue bonds on a parity with the 1964 Water Revenue Bonds.

Terms of Sale

Bids for the purchase of the Series A Bonds will be received by a representative of the Board of Directors of the District at 11:00 A.M., Monday, December 6, 1976 at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

It is expected that the bids will be referred to the Board of Directors of the District for action in the evening of the same day. Details as to the terms of sale are included in the Official Notice of Sale adopted by the District on November 8, 1976, a copy of which accompanies this official statement.

Description of the Bonds

The Bonds will be dated December 1, 1976 and will be issued as coupon bonds in the denomination of \$5,000 each, numbered A1 through A350. The Bonds will mature serially on March 1 in each of the years and in the amounts shown in the Schedule of Maturities below.

SCHEDULE OF MATURITIES

Year	Principal Amount	Year	Principal Amount
1978	\$ 5,000	1993	\$ 10,000
1979	5,000	1994	15,000
1980	5,000	1995	90,000
1981	5,000	1996	95,000
1982	5,000	1997	100,000
1983	5,000	1998	110,000
1984	5,000	1999	115,000
1985	5,000	2000	125,000
1986	10,000	2001	135,000
1987	10,000	2002	145,000
1988	10,000	2003	155,000
1989	10,000	2004	170,000
1990	10,000	2005	180,000
1991	10,000	2006	195,000
1992	10,000		

The first interest coupon will be payable March 1, 1977 and will represent three months' interest. Thereafter interest is payable semiannually on March 1 and September 1 of each year, beginning September 1, 1977. Both interest and principal are payable at Bank of America N.T. & S.A. (Corporate Agency Division), San Francisco, California, fiscal agent of the District.

Redemption Provisions

Bonds maturing on or before March 1, 1991, a total principal amount of \$100,000, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after March 1, 1992, a total principal amount of \$1,650,000, are subject to call and redemption, at the option of the District, as a whole or in part in inverse numerical order on March 1, 1991, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal amount thereof plus a premium of one-fourth of one percent of such principal amount for each year or fraction of a year from the redemp-

tion date to the maturity date of the Bonds. The maximum premium payable upon call of the Bonds for redemption on or after March 1, 1991, would be 3¾ percent.

Notice of Redemption

Notice of redemption is to be published, once a week for two successive weeks, in a financial newspaper or journal of general circulation, in San Francisco, California. The first publication must be at least 30 days but not more than 60 days prior to the redemption date. The Fiscal Agent is required to give written notice to the owners of any registered bonds.

Registration

The Bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, with the privilege of discharge from registration as set forth in Resolution 76-41.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel for the District. The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe attesting to the validity of the Bonds, will be supplied free of charge to the original purchaser of the bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Tax Exempt Status

In the opinion of bond counsel, the interest on the Bonds is exempt from all present Federal income taxes and from State of California personal income taxes under existing statutes, regulations, and court decisions, and the bonds are exempt from all California taxes except inheritance, gift, and franchise taxes.

Fiscal Agent and Depositary

The San Francisco main office of Bank of America National Trust and Savings Association was appointed Fiscal Agent for the District under terms of Resolution 64-1. The Fiscal Agent receives all the gross revenues of the District pledged to the security of the Bonds and allocates these revenues to funds in strict accordance with the terms of Resolutions 64-1

and 76-41. The Fiscal Agent pays all interest and principal when due and is to apply money in the Sinking Fund Account to the purchase or call of term bonds of the 1964 issue. Both resolutions require that certain notices and reports be given to the Fiscal Agent, to demonstrate compliance with the resolutions and for such purposes as the issuance of additional bonds.

The Soquel office of the County Bank of Santa Cruz was appointed under terms of Resolution 64-1 as Depositary for the District. All of the District's revenues have been deposited daily with the Depositary. The District agrees that it will maintain a depositary in Santa Cruz County as long as the 1964 Bonds are outstanding and unpaid.

Purpose

The proceeds from the sale of the Bonds will be used to finance construction of improvements to the District's existing domestic water supply system, as detailed in the section of this official statement entitled "The Enterprise."

Security

Bond principal and interest are payable from and secured by a first lien on the gross revenues of the Enterprise. Gross revenues include all income, receipts, or revenues derived from the operation of the Enterprise or arising out of the Enterprise or in any way incidental to the Enterprise, including interest on investment of reserve funds. The only exceptions provided for in the resolutions are refundable deposits made to establish credit and portions of any connection fees which are refundable under terms of contracts assumed by the District in 1964 in its acquisition of the Monterey Bay and La Selva Beach Water Companies' water systems.

Disposition of Bond Proceeds

Resolution No. 76-41 provides that the proceeds received by the District upon sale of the Series A Bonds are to be applied as follows:

1. Funds held by the Fiscal Agent:
 - (a) Accrued interest, if any, paid by the purchasers of the Bonds is to be deposited in the Water Revenue Bond Interest Fund.
 - (b) A sum sufficient to increase the balance then in the Water Revenue Reserve Fund to an amount equal to the maximum annual debt service on the 1964 and 1976 Series A Bonds

shall be deposited in the Reserve Fund.

(c) The balance of the bond proceeds is to be deposited by the Fiscal Agent in the 1976 Water System Improvement Fund with the Depository and used for the financing of the improvements to the Enterprise including incidental expenses attendant thereto.

(d) Any balance remaining in the 1976 Water System Improvement Fund after the date of completion of the improvements to the Enterprise shall be transferred by the Depository to the Fiscal Agent for deposit in the Reserve Account to the extent necessary at that time to restore the Reserve Account to the amount required, and any remaining balance shall be deposited in the Revenue Fund.

Bond Reserve Fund

A Water Revenue Bond Reserve Fund was established from bond proceeds of the 1964 Bonds under the provisions of Resolution 64-1 and is to be maintained while any bonds are outstanding. The Bond Reserve Fund is required at all times to contain a balance at least equal to maximum annual debt service on all bonds outstanding. Money in the Bond Reserve Fund can be used only to pay principal of or interest on bonds or for the call and redemption of minimum principal amounts of term bonds required by Resolutions 64-1 and 76-41 in the event that no other funds are available for these purposes. The Bond Reserve Fund balance also may be used to call the final bonds outstanding. The balance in the reserve fund can be invested in United States government securities maturing not more than twelve years from the date of purchase.

Maximum annual debt service is the sum of (1) the interest falling due on serial bonds and term bonds, allowing for retirement of term bonds as scheduled, (2) the principal amount of serial bonds falling due by their terms, and (3) the minimum amount of term bonds required to be called and redeemed, together with the premiums, if any; all as computed for the year in which such sum is largest.

Maintenance and Operation Fund

Maintenance and operation costs of the Enterprise are to be paid from the Maintenance and Operation Fund. Resolution 64-1 requires that a revolving balance of not less than \$15,000 be maintained in the

Maintenance and Operation Fund. The Maintenance and Operation Fund ranks in priority below current bond interest and retirement requirements and is held by the Depository.

Creation of Special Funds

Resolution No. 64-1, the original resolution, provided for the creation of special funds and accounts for control of the proceeds of the water revenue bonds and the revenues of the Enterprise. These are listed on page 5, with an indication of whether they are administered by the Fiscal Agent or the District. The tabulation also indicates the flow of funds from the Revenue Fund, into which all revenues of the Enterprise are initially deposited. A description of the special aspects of these funds appears in the following paragraphs under "Deposit and Application of Revenues."

Deposit and Application of Revenues

The Resolutions provide that all revenues of the Enterprise are to be deposited daily with the Depository. The Depository then is required to transfer each month's revenues to the Fiscal Agent not later than the fifth business day of the next succeeding month. The Fiscal Agent is to deposit these revenues in the Water Revenue Fund and to allocate them on or before the tenth day of the month to the following special funds in the following amounts and order of priority:

1. *Water Revenue Bond Interest Fund*—approximately equal monthly installments are to be deposited so as to provide funds at least 15 days prior to each interest payment date sufficient to pay the next succeeding installment of interest. The effect of this requirement is to provide for the deposit in this fund each month $1/6$ of the next semiannual interest payment.

2. *Water Revenue Bond Retirement Fund*—Beginning in March 1967 the Fiscal Agent has transferred to this fund one-twelfth of the amount of principal coming due and payable within the next twelve months, so that the full amount required for each principal installment will be transferred to this fund at least 15 days before the maturity date.

The Sinking Fund Account is part of the Bond Retirement Fund. Beginning in February 1979 one-twelfth of the amount required to redeem the

annual amount of term bonds required by the Resolution 64-1 must be transferred monthly to the Sinking Fund Account so that at least the minimum amount of bonds can be called up in each of the years indicated.

3. *Water Maintenance and Operation Fund*—Money is set aside monthly by the Fiscal Agent

and paid to the Depository for current maintenance and operation costs of the Enterprise. The amounts to be transferred monthly to this fund are based on the budget adopted by the Board of Directors and filed with the Fiscal Agent. A revolving balance of not less than \$15,000 is to be maintained.

1964 AND 1976 WATER REVENUE BONDS SPECIAL FUND PRIORITIES

Fund	Held By	Priority in Transfer from Revenue Fund	Initial Deposit from Bond Proceeds	Monthly Deposit	Investment Permitted
Water Revenue Fund ...	Fiscal Agent			All revenues	No
Water Revenue Bond Interest Fund	Fiscal Agent	1	Accrued interest to delivery date	1/6 of next semiannual interest payment	①
Water Revenue Bond Retirement Fund	Fiscal Agent	2		1/12 of next annual prin- cipal maturity	①
Sinking Fund Account				1/12 of amount required for minimum annual call	①
Water Maintenance and Operation Fund	Depository	3		Amount required for system operation and maintenance*	No
Water Revenue Bond Reserve Fund	Fiscal Agent	4	Maximum annual debt service	Amount required to maintain balance	②
Water Revenue Bond Surplus Revenue Fund .	Depository	5		Balance of moneys in Wa- ter Revenue Fund after all deficiencies in all prior funds are eliminated; may be used for any lawful dis- trict purpose.	
1976 Water System Improvement Fund ...	Depository		Remaining balance of 1976 Series A Bond proceeds		③

① Direct or fully guaranteed obligations of United States of America maturing prior to the date money required to be paid out by Fiscal Agent.

② Direct or fully guaranteed U.S. obligations maturing not more than twelve years from date of purchase.

③ Direct or fully guaranteed U.S. obligations maturing prior to date required for expenditure but not more than three years from date of purchase.

* \$15,000 revolving balance required.

4. *Water Revenue Bond Reserve Fund*—A reserve fund balance is to be maintained in an amount not less than maximum annual debt service on all bonds outstanding. The Fiscal Agent is required to deposit from the first available revenues the entire amount necessary to restore the reserve fund to its required balance.

5. *Water Revenue Bond Surplus Revenue Fund*—The entire balance remaining in the Revenue Fund after required transfers for interest, bond retirement, maintenance and operation, and reserve have been made is to be transferred by the Fiscal Agent to the Depositary for deposit in the Surplus Revenue Fund. Money in the Surplus Revenue Fund must be transferred back to the Fiscal Agent if necessary to replenish any deficiency in the higher ranked funds. Otherwise, money in the Surplus Revenue Fund may be used and withdrawn by resolution of the Board of Directors for any of the following purposes: (a) To pay maintenance and operation costs of the Enterprise for which insufficient amounts were budgeted; (b) To pay the costs of extensions or improvements of or additions or betterments to the Enterprise; (c) To be re-deposited with the Fiscal Agent for call of term bonds through the Sinking Fund Account or for the purchase of bonds at public or private sale or for the call and redemption of bonds then callable; (d) For any lawful purpose of the District, including the making of refunds required under terms of agreements assumed by the District at the time of acquisition of the Monterey Bay and La Selva Beach Water Companies.

Establishment of Fees, Rates, Tolls and Charges

The District covenants and agrees that as long as any bonds are outstanding it will fix and maintain fees, rates, tolls and other charges for water service which will produce annual net revenues equal to at least 1.35 times the annual bond interest and principal requirements of all outstanding water revenue bonds and all parity water revenue bonds which may be sold in the future.

Annual net revenues are defined as gross revenues less annual maintenance and operation expenses. The latter includes the reasonable expenses of management, repair and other costs necessary to operate, maintain and preserve the Enterprise in

good working order, but excluding any allowance for depreciation.

As shown by the following tabulation, net revenues for the 1975/76 fiscal year would have covered the estimated maximum annual debt service requirements of the 1964 Water Revenue Bonds and the 1976 Water Revenue Bonds Series A Bonds currently being offered for sale by 2.44 times.

SOQUEL CREEK COUNTY WATER DISTRICT 1975/76 Water Revenues, Expenses and Coverage

Operating Revenues	\$999,217
Operating Expenses	519,746
Net Operating Revenues	\$479,471
Non-operating Revenues (Net)	35,992
Net Pledged Revenues	\$515,463
Estimated Maximum Annual Bond Service	211,475
Coverage	2.44

Details of the 1975/76 revenues and expenses are contained in Table 2. The estimated maximum annual bond service is from Table 1.

Additional Bonds

Additional bonds may be issued only on a parity with these bonds, subject to the limitations imposed by Resolutions 64-1 and 76-41. The limitations imposed are summarized as follows:

1. The District must be in compliance with all covenants of the Resolutions, and a certificate to that effect must have been filed with the Fiscal Agent.
2. Issuance of additional bonds must have been authorized at an election, if required by law.
3. Proceeds of additional bonds are to be applied solely for purposes of improvements and additions to the Enterprise or for refunding outstanding bonds.
4. The last maturity date of the additional bonds must be not earlier than the last maturity date of any bonds then outstanding. Additional bonds are to mature on March 1, and interest is to be paid on March 1 and September 1.

5. An additional amount is to be deposited in the Bond Reserve Fund so that its balance will be equal to the maximum annual debt service on all bonds and additional bonds outstanding after sale of the additional bonds.

6. Actual annual net revenues for the last completed fiscal year must have been equal to at least 1.35 times maximum annual debt service on all outstanding bonds and additional bonds. If additional bonds are to be issued for the purpose of providing funds for improvements and additions to the Enterprise, 75 per cent of the estimated average annual net revenue to be derived from these improvements or additions during the first three years after their acquisition or completion and 75 per cent of any additional annual net revenues estimated to be received from an increase in rates or charges which has not been in effect for a full year may be added to actual annual net revenues for the preceding fiscal year and treated, for the purposes of this covenant, as if actually received by the District. Any such estimate of new revenues must be as shown by a certificate of a qualified independent engineer employed by the District and satisfactory to the Fiscal Agent. The estimated annual net revenues for each fiscal year after that in which the additional bonds become outstanding must be equal to at least 1.35 times the maximum annual debt service on all bonds and additional bonds then outstanding and proposed to be issued, also as shown by a certificate of an independent engineer. To the extent that additional bonds are issued for the purpose of refunding outstanding indebtedness, the debt service on the bonds to be refunded by the additional bonds is to be excluded from the computations described above.

Additional Covenants

In addition to those described above, the Resolutions include additional covenants of the District, including the following:

1. The District will punctually pay or cause to be paid all principal and interest on the Bonds as it becomes due.

2. The District will not mortgage or otherwise encumber the Enterprise or any revenues except as provided in the Resolutions.

3. The District will not sell, lease, or otherwise dispose of the Enterprise or any part of it essential

to its proper operation or to the maintenance of the revenues. The District will not enter into any lease or agreement which impairs the operation of the Enterprise or any part necessary to secure adequate revenues or which would otherwise impair the rights of holders of the Bonds. Property which has become non-operative or which is not needed for the Enterprise may be sold without consent of the bondholders if such sale will not reduce revenues and if the net proceeds are deposited in the Revenue Fund.

4. The District will maintain the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner.

5. The District will pay and discharge all lawful claims for labor, material, or supplies which, if unpaid, might become a lien on revenues.

6. The District will maintain insurance on the Enterprise against such risks as are usually insurable in connection with similar enterprises. The District will secure and maintain adequate fidelity insurance on all officers and employees handling or responsible for any revenues or funds of the Enterprise.

7. The District will maintain proper books and records and make them subject to inspection by the Fiscal Agent or by the holders of not less than ten per cent of the principal amount of bonds. The District will prepare and file with the Fiscal Agent annually within 90 days after the close of each fiscal year a detailed statement of revenues, disbursements from revenues, and all expenditures, together with a detailed balance sheet, all as applicable to the prior fiscal year and accompanied by a certificate of an independent public accountant. This report is also to include a schedule of applicable rates and a general statement of the physical condition of the Enterprise. A summary of this statement is to be published annually not more than 120 days after the close of each fiscal year, and copies of the summary statement will be furnished to the Fiscal Agent and to any bondholder upon request.

8. The District will protect and defend the security of the Bonds and the rights of the bondholders against all claims and demands.

9. The District will not acquire, construct, operate or maintain any competitive water system.

10. The District will not invest the proceeds of the Bonds in such a manner which would result in the 1976 Bonds being taxable "arbitrage bonds" within the meaning of section 103(d), Internal Revenue Code of 1954, as amended.

Estimated Annual Bond Service

The estimated annual bond service for 1976 Water Revenue Bonds, Series A and the actual bond service for the outstanding 1964 Water Revenue Bonds are presented in Table 1.

Table 1

SOQUEL CREEK COUNTY WATER DISTRICT

1964 and 1976 Water Revenue Bonds

Estimated Total Bond Service

Year Ending March 1	Bonds Outstanding	\$1,750,000 Series A (1976)			Bond Service Series 1964	Combined Annual Bond Service
		Principal Maturing	Estimated Interest @ 7½ %	Bond Service Series A		
1977	\$1,750,000	\$ —	\$ 32,813 ^①	\$ 32,813	\$ 69,207	\$ 102,020
1978	1,750,000	5,000	131,250	136,250	68,000	204,250
1979	1,745,000	5,000	130,875	135,875	71,775	207,650
1980	1,740,000	5,000	130,500	135,500	71,775	207,275
1981	1,735,000	5,000	130,125	135,125	70,375	205,500
1982	1,730,000	5,000	129,750	134,750	73,500	208,250
1983	1,725,000	5,000	129,375	134,375	71,588	205,963
1984	1,720,000	5,000	129,000	134,000	69,675	203,675
1985	1,715,000	5,000	128,625	133,625	72,937	206,562
1986	1,710,000	10,000	128,250	138,250	70,938	209,188
1987	1,700,000	10,000	127,500	137,500	73,975	211,475
1988	1,690,000	10,000	126,750	136,750	71,775	208,525
1989	1,680,000	10,000	126,000	136,000	69,575	205,575
1990	1,670,000	10,000	125,250	135,250	72,375	207,625
1991	1,660,000	10,000	124,500	134,500	75,125	209,625
1992	1,650,000	10,000 ^②	123,750	133,750	72,687	206,437
1993	1,640,000	10,000 ^②	123,000	133,000	75,250	208,250
1994	1,630,000	15,000 ^②	122,250	137,250	72,625	209,875
1995	1,615,000	90,000 ^②	121,125	211,125	—	211,125
1996	1,525,000	95,000 ^②	114,375	209,375	—	209,375
1997	1,430,000	100,000 ^②	107,250	207,250	—	207,250
1998	1,330,000	110,000 ^②	99,750	209,750	—	209,750
1999	1,220,000	115,000 ^②	91,500	206,500	—	206,500
2000	1,105,000	125,000 ^②	82,875	207,875	—	207,875
2001	980,000	135,000 ^②	73,500	208,500	—	208,500
2002	845,000	145,000 ^②	63,375	208,375	—	208,375
2003	700,000	155,000 ^②	52,500	207,500	—	207,500
2004	545,000	170,000 ^②	40,875	210,875	—	210,875
2005	375,000	180,000 ^②	28,125	208,125	—	208,125
2006	195,000	195,000 ^②	14,625	209,625	—	209,625
		\$1,750,000	\$3,089,438	\$4,839,438	\$1,293,157	\$6,132,595

① Three months' interest.

② Callable on and after March 1, 1991.

THE ENTERPRISE

History

The Soquel Creek County Water District was formed in 1961 pursuant to the State of California Water Code, Division 12, Section 30,000 et seq. The District's boundaries encompass approximately seventeen square miles of the Santa Cruz County coastal region between Santa Cruz and Watsonville and include the incorporated City of Capitola and the unincorporated communities of Aptos, La Selva Beach, Opal Cliffs, Rio Del Mar, Seacliff and Soquel. The District extends three and one-half miles north from the Monterey Bay shoreline into the foothills of the Santa Cruz Mountains. On the west, the District's boundaries are within approximately two miles of the Santa Cruz city limits. On the east, the District is bounded by the community of La Selva Beach. State Highway 1, the major route along this segment of the California coastline, transverses the District in an east-west direction.

Subsequent to its formation in 1961, the District entered into engineering and financial studies leading to the acquisition of the water facilities of the Monterey Bay Water Company and the La Selva Beach Water Company. In May 1963, the District entered into a purchase agreement with the Monterey Bay Water Company for the sale of the water systems to the District. A total of \$1,175,000 of water revenue bonds were authorized by the District's voters in October 1963. The California Public Utilities Commission approved the sale of the system in January 1964 and on February 18, 1964, the District issued \$1,175,000 of 1964 Water Revenue Bonds to finance the acquisition and improvement of the system. The transfer of ownership and assumption of operations by the District occurred during the following month, March 1964.

District Operations

District operations are conducted under the direction of Robert M. Johnson, Jr., General Manager and Chief Engineer. Mr. Johnson is a registered civil

engineer and has served as the District's general manager since September 1969.

The District currently employs a total of 26 persons in the following general positions: three management, three supervisory, and 20 non-supervisory. Employees are not represented by unions. Employee relations are good and there have been no major work stoppages or serious labor problems since the District's inception.

The District is a member of the State of California Public Employees' Retirement System (PERS) since April, 1970, and contributions of the employees and the District are paid to this System.

Employee contributions are 7.0 percent of salary and the District's contribution rate is currently 11.07 percent. For the 1975/76 fiscal year, employees contributed \$18,605 and the District contributed \$25,075.

PERS is a statewide system operated pursuant to Title 2, Division 5, Part 3 of the Government Code. State law requires that PERS undergo actuarial review not less often than every fourth year. Actuarial System, Inc., independent actuaries and consultants, completed a review of PERS' actuarial experience for the four-year period ending June 30, 1973 and made actuarial valuations of the system as of June 30, 1973 and June 30, 1974. In its report dated May 15, 1975, the actuary identified an "unfunded supplemental liability" of \$925,615,287, as of June 30, 1973, for the local miscellaneous employees group. As of June 30, 1974, the "unfunded supplemental liability" for all other member groups was \$3,977,018,111. At June 30, 1975 (latest available), the unfunded obligation for all groups was determined to be \$5,723,459,587 by the actuary. The Actuary's report includes a discussion of new actuarial assumptions to provide for amortization of unfunded liabilities in the various member groups within PERS. Additional information is available from State of California Public Employees' Retirement System, 1416 Ninth Street, Sacramento, California 95814.

Service Area

The District is divided into four service areas: Soquel-Capitola-Opal Cliffs, Aptos-Rio Del Mar, Seacliff and La Selva Beach. Each service area is served by essentially non-connected water systems. The systems are fully metered. A summary of active service connections by service area for the past ten years is presented on the following page.

SOQUEL CREEK COUNTY WATER DISTRICT

Active Service Connections

June 30	Soquel-Capitola Opal Cliffs	Aptos- Rio Del Mar	Seacliff	La Selva Beach	Total Connections
1967	2,792	2,196	1,040	448	6,476
1968	2,912	2,303	1,062	459	6,736
1969	3,014	2,453	1,082	467	7,016
1970	3,076	2,540	1,103	473	7,192
1971	3,192	2,639	1,141	481	7,453
1972	3,328	2,814	1,196	489	7,827
1973	3,392	2,994	1,234	511	8,131
1974	3,425	3,120	1,252	528	8,325
1975	3,457	3,237	1,275	543	8,512
1976	3,578	3,598	1,305	560	9,041

Existing Water System

The District derives all of its water from ground-water sources through 16 wells, of which 15 are active. Well depths range from 200 to 1,000 feet. A comprehensive plan for District water system development, completed in January 1976 by James M. Montgomery Consulting Engineers, Inc., indicated that the groundwater supply of the District is adequate to serve the District's present and projected needs to the year 1997. Beyond 1997, surface water would be utilized to meet future demands of utility

development, either from District developed surface sources and/or purchase of treated water from the City of Santa Cruz.

The system has a present storage capacity of 2.1 million gallons in 18 storage tanks. The distribution system consists of approximately 600,000 feet of water mains, ranging in size from 1½ inches to 12 inches in diameter.

A summary of the District's water production and deliveries are as follows:

SOQUEL CREEK COUNTY WATER DISTRICT

Annual Water Production & New Services

June 30	ANNUAL WATER			NEW SERVICES	
	Consumption Billed Cubic Feet (in millions)	Gallons (in millions)	Production Gallons (in millions)	Annual Addition 7/1-6/30	Cumulative Total
1967	75.23	564.21	677.71	181	6,476
1968	85.17	638.77	727.94	260	6,736
1969	82.72	620.43	763.60	280	7,016
1970	98.84	741.27	832.37	176	7,192
1971	99.52	746.35	875.22	261	7,453
1972	116.84	876.27	983.14	374	7,827
1973	122.45	918.36	1,067.65	304	8,131
1974	122.41	918.04	1,038.45	194	8,325
1975	124.41	933.10	1,073.70	187	8,512
1976	140.30	1,052.28	1,212.37	429①	9,041

① Includes 169 services through annexation of an existing system in the Aptos service area.

Capital Improvement Program

The proceeds from the sale of the Series A Bonds will be used, together with accumulated net operating revenues of the District, to finance initial implementation of the District's ten-year planned capital improvement program. The objectives of the program are to:

(1) Increase the District's storage capacity from 2.1 million gallons to 5.1 million gallons through the addition of nine new storage tanks.

(2) Increase groundwater supply through the addition of four new wells, replacing three old wells and construction of nine iron and manganese removal facilities.

(3) Replacement and/or reinforcement of distribution and transmission mains. This includes the addition of approximately 37,000 feet of 6-inch to 12-inch mains to connect proposed storage, well and treatment facilities with distribution system and reinforcing the existing system.

(4) Initiate activity to develop a supplemental supply of surface water.

The Project

The Series A Bonds, currently being offered for sale, will be used to finance the first phase of improvements to the District's water system, consisting principally of six storage tanks and connecting pipe-

lines, two new wells, nine iron and manganese removal facilities, and reinforcement of water mains.

The following summary presents the estimated project costs and fund sources, based on construction bids for the storage tanks received on October 15, 1976 and the District's estimate of other costs. Completion of major construction is expected within two years. Water treatment facilities are to be installed within a three-year period.

SOQUEL CREEK COUNTY WATER DISTRICT Estimated Project Costs and Sources of Funds

Estimated Project Costs^①

Storage tanks	\$1,091,200 ^②
Wells	200,000
Treatment facilities	900,000
Water mains	365,000
Bond reserve fund	135,000
Costs of bond issuance	56,000
Total	<u>\$2,747,200</u>

Sources of Funds

1976 Water Revenue Bonds, Series A .	\$1,750,000
District funds	912,200
Interest income (at 5%)	85,000
Total	<u>\$2,747,200</u>

^① Costs include design, right-of-way and contingencies.

^② Low bid by Granite Construction Co., Watsonville, California.

Soquel Creek County Water District Headquarters



Environmental Considerations

An Environmental Impact Report concerning the capital improvement program was prepared and adopted by the District's Board on August 11, 1975.

The District is generally in compliance with the present standards of water quality, as proposed by the Federal Safe Drinking Water Act of 1974. There are, however, higher concentrations above the present recommended standards for iron and manganese in the western part of the District. These concentrations will be significantly reduced by the construction of additional water treatment facilities in the first construction phase of the capital improvement program.

Water Rates

The major portion of the District's water revenue is derived from domestic services. The present water rate schedule became effective in June 1975 and represented an increase of approximately 15 percent over the previous rate schedule which had been in effect since April 1968. The water rate schedule consists of two components, a service charge based upon meter size and a quantity charge for water used. These changes are presented below.

SOQUEL CREEK COUNTY WATER DISTRICT

Water Rate Schedule

Service Charge	
Meter Size	Per Meter Per Bi-Monthly Billing Period
5/8-inch	\$ 2.80
3/4-inch	3.15
1-inch	3.50
1 1/2-inch	4.55
2-inch	5.65
3-inch	8.95
4-inch	24.75
6-inch	52.00

Quantity Rates	
Customer Class	Quantity Rate Per Ccf
Single family residential	\$ 0.43
Multiple family residential	0.41
Commercial	0.41

In addition to the charges for water use, the District imposes a one-time storage and transmission fee for new connections to the system to represent a buy-in charge for the availability of the District's existing facilities. Currently, this fee is \$350 per dwelling unit and in the case of non-residential connections, a fee based upon meter size, ranging from \$350 for 5/8-inch meter to \$128,000 for a six-inch meter.

A connection fee, in addition to the storage and transmission fee, is also required by the District. This fee represents the estimated cost of the new connection (including the meter) and is as follows:

Connection Charges	
5/8-inch meter	\$166
3/4-inch meter	185
1-inch meter	215
1 1/2-inch meter and over	Actual Cost

Revenues and Expenses, Balance Sheet

Table 2 summarizes the District's revenues and expenses for the past ten fiscal years, as presented in the District's annual report prepared by the District's independent public accountant, Stanley H. Scott, Public Accountant, Santa Cruz, California, and from the District's accounting records.

Not included in the District's summary of operations, presented in Table 2, are the amounts which the District is obligated annually to pay in the form of refund agreements for advances for construction of extensions to the distribution system by subdividers or individuals. These refunds are computed only on gross revenue actually collected but are actually paid from surplus revenues of the District. As of June 30, 1976, the District was liable for \$128,171 of such agreements. The major portion of these liabilities (\$113,503) are those refund agreements assumed when the District acquired the private water systems in 1964. This liability will terminate in 1984. The amounts actually refunded pursuant to these refund agreements since 1967 are as follows:

1967	\$12,181	1972	\$15,448
1968	12,591	1973	14,857
1969	14,933	1974	13,396
1970	15,609	1975	12,830
1971	16,115	1976	13,561

Table 3 presents the District's balance sheet as of June 30, 1976, as prepared by the independent public accountant.

Table 2

SOQUEL CREEK COUNTY WATER DISTRICT

Summary of Income and Expenses

Year Ending June 30

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Operating Revenues:										
Water Sales	\$355,659	\$427,952	\$504,660	\$521,526	\$546,851	\$620,287	\$598,638	\$606,652	\$615,242	\$ 751,288
Fire Protection	①	①	①	19,063	13,853	12,156	12,005	11,527	11,335	12,328
Installation Fees	13,250	16,045	20,667	11,599	28,872	39,997	31,034	18,460	22,044	46,687
Storage and Transmission Fees	23,995	39,975	55,747	33,301	87,891	142,888	188,075	142,865	96,456	183,030
Miscellaneous Income	1,215	2,653	4,011	1,761	1,746	1,935	1,692	5,085	4,329	5,884
Subtotal	\$394,119	\$486,625	\$585,085	\$587,250	\$679,213	\$817,263	\$831,444	\$784,589	\$749,406	\$ 999,217
Other Income:										
Interest	6,903	7,550	8,630	13,537	22,686	24,907	29,368	55,861	63,464	40,236
Other	127	1,896	22,617 ^②	24,859 ^②	24,755 ^②	2,841 ^②	882	3,887 ^②	1,044	6,808
Total Income	\$401,149	\$496,071	\$616,332	\$625,646	\$726,654	\$845,011	\$861,694	\$844,337	\$813,914	\$1,046,261
Operating Expenses:										
Source of Supply	\$ 68,472	\$ 66,809	\$ 71,518	\$ 68,711	\$ 68,948	\$ 86,584	\$ 82,786	\$ 95,711	\$111,093	\$ 125,029
Transmission and Distribu- tion	66,427	70,638	73,523	70,115	57,129	67,838	75,024	85,031	105,050	119,785
Meter Reading and Collec- tion	21,376	22,664	25,404	38,931	45,138	55,556	55,695	53,756	56,601	68,101
Administration	39,632	39,789	48,104	56,670	71,462	86,616	88,606	94,263	86,815	102,148
General Plant	—	—	—	—	—	—	10,058	11,047	11,277	11,167
Insurance	7,320	9,506	9,404	7,469	8,944	14,513	8,975	13,959	13,613	15,828
Payroll Taxes and Benefits ..	4,439	4,903	7,508	11,851	21,486	30,162	34,686	38,333	49,109	61,801
Professional Services	27,883	25,916	26,900	17,413	8,943	6,599	7,365	7,655	32,184	15,887
Miscellaneous Expense	(257)	925	1,232	203	371	28	246	—	—	—
Subtotal	\$235,292	\$241,150	\$263,593	\$271,363	\$282,421	\$347,896	\$363,441	\$399,755	\$465,742	\$ 519,746
Non-Operating Expenses	1,840	2,905	7,928	4,835	4,122	9,350	10,148	13,883	3,608	11,052
Total Expenses	\$237,132	\$244,055	\$271,521	\$276,198	\$286,543	\$357,246	\$373,589	\$413,638	\$469,350	\$ 530,798
Net Income Before Bond Service	\$164,017	\$252,016	\$344,811	\$349,448	\$440,111	\$487,765	\$488,105	\$430,699	\$344,564	\$ 515,463
Less: Tax Income	—	—	19,130	21,157	22,920	2,178	—	48	—	—
Available for Bond Service ...	\$164,017	\$252,016	\$325,681	\$328,291	\$417,191	\$485,587	\$488,105	\$430,651	\$344,564	\$ 515,463
Bond Service 1964 Bonds	\$ 44,280	\$ 69,280	\$ 67,968	\$ 66,655	\$ 65,342	\$ 69,343	\$ 68,368	\$ 67,393	\$ 66,403	\$ 70,398
Indicated Coverage	3.70	3.64	4.79	4.93	6.38	7.00	7.14	6.39	5.19	7.32

① Included in water sales.

② Includes tax income.

Source: District audit reports and District records.

Table 3

SOQUEL CREEK COUNTY WATER DISTRICT—BALANCE SHEET June 30, 1976

ASSETS		LIABILITIES AND CAPITAL	
Utility Plant		Current Liabilities	
Plant in Service	\$4,592,488.52	Accounts Payable	\$ 2,207.65
Less Accumulated Depreciation	<u>1,049,090.31</u> ①	Interest Payable	11,246.00
	3,543,398.21	Customer Deposits Payable	22,273.03
Construction Work in Progress	<u>285,632.75</u>	Deposits Payable—Performance Bonds ..	2,000.00
Total Utility Plant		Revenue Bonds Payable (Due Within	
	\$3,829,030.96	1 Yr.)	<u>35,000.00</u>
Current Assets		Total Current Liabilities	\$ 72,726.68
Funds:		Long-Term Liabilities	
Cash on Hand	250.00	Advances for Construction—	
County Bank of Santa Cruz:		Refundable	128,171.20
Acq. & Constr. Fund—Savings	20,407.33	Revenue Bonds Payable	885,000.00
Surplus Revenue—Savings	1,215.63	Plus Premium on Bonds	<u>763.11</u>
Surplus Revenue Fund	369.64	Total Long-Term Liabilities	1,013,934.31
Customer Deposits Fund	10,829.21②	Total Liabilities	1,086,660.99
Payroll Account	3,913.77	Capital	
Water Revenue Fund	116,811.44	Equity—Contributions in Aid of Con-	
Maintenance & Operation Fund	54,411.86	struction	1,193,780.41
Time Certificates of Deposit	250,000.00	Equity—Accumulated Earnings	<u>2,725,343.69</u>
Wells Fargo Bank:		Total Capital	<u>3,919,124.10</u>
Savings	87,930.36	Total Liabilities and Capital	<u>\$5,005,785.09</u>
Time Certificates	300,000.00		
Bank of America:			
Bond Reserve Fund—Cash	260.12		
U.S. Treasury Notes	75,000.00		
Federal Land Banks Bonds	1,000.00		
Bond Interest Fund—Cash	2.51		
Time Certificates	11,400.00		
Bond Principal Fund—Cash	66.64		
Time Certificates	<u>11,600.00</u>		
Total Funds	945,468.51		
Inventory—Materials and Supplies ...	49,735.39		
Accounts Receivable—Customers	48,003.32		
Deposits—Performance Bonds	<u>2,000.00</u>		
Total Current Assets	1,045,207.22		
Deferred Charges:			
Prepaid Expense Re: Purchase and			
Bond Sale	32,503.02		
Prepaid Insurance (Work. Comp. De-			
posit)	1,000.00		
Preliminary Survey & Investigation ...	<u>98,043.89</u>		
Total Deferred Charges	131,546.91		
Total Assets	<u>\$5,005,785.09</u>		

FOOTNOTES

① Depreciation is computed on a composite basis using the straight line method with historical cost as basis.

② The Acquisition and Construction Fund Savings Account includes \$12,500.00 of customers' deposits transferred from the Customer Deposits Fund commercial bank account (trust) for the purpose of earning additional interest.

FINANCIAL DATA

Assessed Valuation

The Soquel Creek County Water District uses the facilities of Santa Cruz County to establish the tax base for District purposes. When levied, taxes are collected at the same time and on the same tax rolls as are county and school district taxes. Assessed valuations of properties are the same for both District and county taxing purposes. The California State Board of Equalization reports the 1976/77 Santa Cruz County valuations to average 25 percent of full value. Public utility property is reportedly assessed at 25 percent of full cash value by the state.

The California State Legislature adopted two types of reimbursable exemptions beginning in the tax year 1969/70. The first of these exempts 50 percent of the assessed valuation of business inventories from taxation. The second exemption provides a credit of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenues estimated to be lost to local taxing agencies due to such exemptions, however, are reimbursed from state sources. Such reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by an amount for estimated delinquencies.

The following summary presents the District's 1976/77 assessed valuation before any deductions for these two exemptions. No value is indicated for the unsecured roll as no taxes have been levied by the District since 1970/71. An estimate of the 1976/77 taxable value of unsecured property in the District is \$1,852,300.

SOQUEL CREEK COUNTY WATER DISTRICT 1976/77 Assessed Valuation

Secured Roll	\$116,600,350
Utility Roll	3,387,710
Unsecured Roll	—
	\$119,988,060

For the 1976/77 fiscal year State reimbursable business inventory exemptions total \$225,710 and homeowners exemptions amount to \$9,376,700. The estimated amount of exemptions which would apply to the unsecured roll, if taxed, is \$305,050.

The District's assessed valuation since 1970/71 is presented below. Annexations account for much of the increase between 1970/71 and 1972/73. In subsequent years the increases are attributable to new development and reassessment of property.

Fiscal Year	Assessed Valuation
1970/71	\$ 23,507,080
1971/72	24,260,490
1972/73	28,434,450
1973/74	69,554,670
1974/75	79,426,990
1975/76	103,731,960

Tax Rates

No taxes have been levied by the District since 1970/71. It is the District's policy that all operations be met from operating revenues. Taxes were levied in the initial years to meet the organizational expenses of the District. Taxes were levied in 1968/69 through 1970/71 to equalize differences between the District's service area and its taxable boundaries. A summary of District tax rates are as follows:

Fiscal Year	Tax Rate Per \$100 Assessed Valuation
1962/63	\$0.049
1963/64	0.006
1964/65-1967/68	None
1968/69	0.100
1969/70-1970/71	0.098
1972/73-1976/77	None

Under legislation enacted by the California Legislature, which became effective January 1, 1973, the maximum tax rate which may be levied by a county water district for general purposes is limited to the rate in effect for the 1971/72 or 1972/73 fiscal year. As the District levied no taxes in either year, a District election would be required before any property tax could be levied. The four tax code areas shown on page 16 total about 52% of the District's assessed valuation and are a good indication of the level of taxes levied throughout the District.

SOQUEL CREEK COUNTY WATER DISTRICT—Total 1976/77 Tax Rates in Selected Code Areas

Taxing Agency	Code Area 3-000 Capitola	Code Area 69-052 Aptos	Code Area 69-101 La Selva Beach	Code Area 96-072 Soquel
Santa Cruz County	\$ 2.751	\$ 2.751	\$ 2.751	\$2.751
City of Capitola	.700	—	—	—
Schools	6.182	6.072	6.072	6.182
Fire Protection Districts	.759	1.040	1.040	.526
Other Special Districts	.068	.101	.101	.292
Base Rate, All Property	\$10.460	\$ 9.964	\$ 9.964	\$9.751
Land and Improvements Only:				
Santa Cruz County Sanitation District Debt Service	.033	.153	.153	.133
Flood Control and Water Conservation	.095	.021	.021	.095
Land Only:				
Resource Conservation	—	—	.003	.004
Total All Rates	\$10.588	\$10.138	\$10.141	\$9.983

Tax Levies and Delinquencies

Since the District has not levied any property taxes for five years, there is no recent history of tax delinquency for the District. An indication of tax collec-

tion experience of the area is obtained by a review of the data applicable to the four fire protection districts which overlap the District's boundaries.

SECURED TAX LEVIES, COLLECTIONS, AND DELINQUENCIES

Tax Year	Secured Tax Levy	Collections as of June 30	Delinquent as of June 30	Percent Delinquent
Aptos Fire Protection District				
1971/72	\$244,124	\$236,009	\$ 8,115	3.32%
1972/73	281,596	273,321	8,275	2.94
1973/74	417,046	405,821	11,225	2.69
1974/75	466,700	450,331	16,369	3.51
1975/76	634,962	612,814	22,148	3.49
Capitola Fire Protection District				
1971/72	\$113,819	\$108,915	\$ 4,904	4.31%
1972/73	134,181	130,783	3,398	2.53
1973/74	143,623	136,089	7,534	5.25
1974/75	181,345	168,988	12,357	6.81
1975/76	189,423	179,924	9,499	5.01
La Selva Fire Protection District				
1971/72	\$ 18,447	\$ 18,564	\$ —	0.00%
1972/73	22,197	21,669	528	2.38
1973/74	22,414	21,825	589	2.63
1974/75	26,690	25,540	1,150	4.31
1975/76	21,564	20,785	779	3.61
Soquel Fire Protection District				
1971/72	\$ 60,325	\$ 56,092	\$ 4,233	7.02%
1972/73	73,864	69,880	3,984	5.39
1973/74	73,938	69,146	4,792	6.48
1974/75	81,082	75,965	5,117	6.31
1975/76	101,061	95,484	5,577	5.52

Source: Santa Cruz County Auditor's records.

THE DISTRICT AND VICINITY

The District is located in southeastern Santa Cruz County on the shores of Monterey Bay. It encompasses approximately 17 square miles, covering about seven miles of shoreline and extending from one to three miles inland into the foothills of the Santa Cruz Mountains. The western boundary of the District is about six miles from the downtown section of the City of Santa Cruz, and its eastern boundary is approximately the same distance northwest of the City of Watsonville. The District is about 60 air miles southeast of San Francisco.

The City of Capitola (population 7,725) is the only incorporated area in the District. Unincorporated communities include Soquel, Opal Cliffs, Rio Del Mar, Aptos, Seacliff, and La Selva Beach. The area is largely residential and recreational in nature, with limited industrial development. Commercial development is concentrated in two shopping centers, with a third under construction. The District is located in an area generally referred to as Mid-County, consisting of an 18-mile belt reaching from the City of Santa Cruz to the City of Watsonville, and containing most of the county's population.

Mid-County enjoys a mild climate, with an average January temperature of 50 degrees and an average July temperature of 63 degrees. Protected from winter fogs and summer heat by the Santa Cruz Mountains to the north and east, Mid-County is further protected from storms and summer fogs by the Santa Cruz headlands to the west. The sheltered area is ideal for residential and commercial development, which is currently taking place at an accelerated rate. Located 40 miles south of San Jose and 89 miles south of San Francisco by freeway, Mid-County is one of the most beautifully situated areas in the state. Its terrain varies from broad, clean, protected beaches overlooked by spectacular cliffs, rising 100 feet in some places, to a flat coastal plain which rises gradually into the rolling foothills.

Both Santa Cruz and Watsonville have growing industrial centers. Watsonville has a long-established

agricultural base, and is the home of numerous food processing and food packing concerns.

Cabrillo College, the county's only community college, is located in the District. A few miles west of the District is the Santa Cruz campus of the University of California. Both institutions provide substantial employment opportunities to District residents, in addition to enriching community life.

Population

Portions of the District are located in three Census divisions. Shown below are available data from the most recent U.S. Census tabulations.

CENSUS DATA

Area	1930	1970	Percent Change
Capitola City	2,021	5,080	151.4%
Opal Cliffs (u)	3,825	5,425	41.8
Soquel (u)	—	5,795	—
Aptos (u)	—	8,704	—
La Selva Beach (u) ..	—	1,171	—
Santa Cruz County ..	84,219	123,790	47.0

As reflected in the summary above, the combined populations of Capitola and Opal Cliffs grew 80 percent between 1960 and 1970, while the population of the county increased 47 percent during the decade.

As of January 1, 1976, the State Department of Finance estimated Capitola's population at 7,725 and the county's population at 154,200. These estimates represent increases of 52 percent and nearly 25 percent, respectively, over the 1970 Federal Census.

The District's present population is estimated to be approximately 29,000 persons. Studies of the County Planning Department indicate that the District's present boundaries will accommodate an estimated 39,600 inhabitants by 1995.

Income and Social Characteristics

The 1970 Census reported income and social characteristics for Aptos, Capitola, Opal Cliffs, and Soquel, with a combined population exceeding 25,000.

Average household income ranged from \$12,793 in Aptos to \$7,899 in Opal Cliffs, with Capitola and Soquel over \$9,000. The comparable county-



Recent residential construction within the District is represented by single family residences (top photo) in the Rio Del Mar-Seascape area and high-rise and low-level condominiums (center and bottom photos) in the Capitola area.

wide figure was \$10,295. Nearly 5,600 persons reported that they had one or more years of college, with the highest percentage in Aptos. Median school years completed were 13.0 in Aptos, 12.4 in Capitola and Soquel, and 12.3 in Opal Cliffs.

For the combined communities, nearly one-third of the 8,528 persons gainfully employed in 1970 stated that they were in professional, administrative, or managerial jobs, and 24 percent reported sales or clerical occupations. Craftsmen and service workers represented the next largest employment classifications, with over 1,000 in each category.

The 1970 Census of Housing reported 11,727 housing units for Aptos, Capitola, La Selva Beach, Opal Cliffs, and Soquel. Single family dwellings constituted over 72 percent of this total. The combined housing stock in the five communities included 1,571 mobile homes or trailers.

Over 42 percent of all housing units in the five-community area in 1970 were owner-occupied, with median home values ranging from \$27,500 in Aptos to \$17,900 in Opal Cliffs. Median monthly rentals ranged from \$138 in Aptos to \$98 in Soquel. The respective countywide medians were \$20,900 and \$98.

Employment and Industry

The District is part of the Santa Cruz Labor Market reported on a monthly basis by the California Department of Employment Development. This labor market, which covers Santa Cruz County, provided jobs for 63,700 civilian workers at Sep-

tember 1976. The unemployment rate was nine percent. Employment and unemployment levels by years since 1970 form part of the employment tabulation on page 20.

Total employment in September 1976 included 46,000 nonagricultural wage and salary workers and 5,800 agricultural workers, increases of 1,900 and 700, respectively, over the previous September. Trade and government were the leading sources of jobs, each with approximately 24 percent of non-farm wage and salary jobs. Personal services provided about 21 percent of employment opportunities in this category, and manufacturing slightly under 19 percent.

Of the 8,600 manufacturing employees at work in September, 6,000 were engaged in the production of nondurable goods, with 4,700 in the food processing industry. Year-to-year, manufacturing jobs increased nearly 12 percent. There were 300 more workers in durable goods and 600 additional workers in nondurable goods, compared with September 1975.

The following tabulation shows annual average employment by industrial classification in the county since 1970, and the most recent monthly figures released by state labor analysts.

Most employed District residents commute to jobs in Santa Cruz and Watsonville. An undetermined number commute to southern Santa Clara County, particularly the San Jose area, but an accurate count cannot be established.

A portion of the 41st Avenue shopping complex.



SANTA CRUZ LABOR MARKET

Labor Force, Employment, and Unemployment 1970-1976 (In Thousands)

	Annual Averages						Sept. 1976
	1970	1971	1972	1973	1974	1975	
Civilian Labor Force	50.7	54.3	57.9	60.3	65.0	66.2	70.0
Total Employment	47.0	49.8	54.0	55.2	59.2	58.9	63.7
Unemployment	3.7	4.5	4.0	5.1	5.9	7.3	6.3
Unemployment Rate (percent)	7.4	8.4	6.8	8.5	9.0	11.0	9.0
Nonagricultural Wage and Salary Employment	33.2	33.9	37.4	40.3	42.2	42.7	46.0
Mining	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Contract Construction	1.8	1.7	1.9	2.1	1.9	1.4	1.5
Manufacturing	6.5	6.0	6.8	7.0	7.2	6.5	8.6
Durable Goods	2.7	2.4	2.4	2.6	2.5	2.3	2.6
Nondurable Goods	3.8	3.7	4.3	4.4	4.6	4.3	6.0
Transportation, Communications and Utilities	1.6	1.6	1.9	2.0	2.1	2.1	2.2
Trade	7.6	8.3	9.1	10.0	10.7	11.1	11.7
Wholesale Trade	0.9	1.1	1.2	1.3	1.4	1.5	1.7
Retail Trade	6.7	7.2	7.9	8.7	9.3	9.6	10.0
Finance, Insurance and Real Estate	1.1	1.1	1.3	1.4	1.4	1.4	1.5
Services	6.9	7.1	7.7	8.4	8.8	9.1	9.7
Government	7.6	8.0	8.7	9.3	10.0	10.9	10.7
Agricultural Employment	4.6	4.5	4.3	4.5	4.4	4.3	5.8

Source: State Department of Employment Development.

Educational institutions constitute about two-thirds of total government employment in the Santa Cruz Labor Market. The University of California, Santa Cruz, and Cabrillo College account for a large share of employment opportunities in this field. State analysts estimate that by June 1977 government payrolls in the county will be 11,600, with the 300-job expansion occurring almost entirely in education.

Food processing and packing concerns provide about half of all factory jobs in the county. Green Giant Company and Watsonville Canning and Frozen Food Company each employ 1,000 or more workers during the peak of harvest operations. Also located in Watsonville are John Inglis Frozen Foods Company, with seasonal employment ranging up to 250. A new firm, Richard Shaw and Company, started production of frozen foods at Watsonville this year, and will employ from 100 to 820 persons, depending on seasonal requirements. Another new firm in Watsonville is the J. M. Smucker Company, which will employ 100-200 persons in the preparation of jams, jellies, and condiments.

Food processing operations in the county begin in the early spring, reaching a yearly peak in September and October, when harvesting activities are at the highest level. The low employment months for this industry are December, January, and February.

At Santa Cruz, Pacific Coast Producers employs 445 in food preparation and processing. William Wrigley, Jr. Company employs 260 at its chewing gum plant, established in Santa Cruz after a nationwide search because of the clean air in the area.

Agricultural employment in the county has slowly declined in recent years. Increased mechanization, improved technology, and gradual conversion of farm land into residential, commercial, and industrial uses have been the principal factors causing a decrease in the demand for farm labor.

Important industries in the county are electronics, metals, refractories, leather products, and building materials. Pacific Plantronics, Inc., employs 265 at Santa Cruz in the production of miniature headsets and electronic components. Watkins-Johnson Com-

pany, headquartered in Palo Alto, produces electronic devices at its plant near Santa Cruz, employing more than 200 industrial workers. Intel Corporation of Santa Clara is presently building a plant at Santa Cruz to produce computer parts. A nucleus work force of 40 people is now being trained at the headquarters location of the company. Expansion to 300 employees at Santa Cruz is planned by Intel. Spectra-Mat Inc. of Watsonville produces electron emitters and rare earth permanent magnets, with a payroll of 75 persons. Lockheed Missiles and Space Company employs 375 at a missile testing site north of Santa Cruz.

Among the larger non-industrial employers in the Santa Cruz Labor Market, in addition to Cabrillo College and the University of California, are Pajaro Valley Unified School District, Pacific Telephone Company, and the Pacific Gas and Electric Company. The latter, which employs an estimated 350 people in Santa Cruz County, operates the largest steam generating plant in its system at Moss Landing, a few miles south of the county line.

There are five industrial parks or districts in the county, three in the Watsonville area and two at Santa Cruz. Largest is the Watsonville Westside Industrial District, located three miles from the

Watsonville Municipal Airport. This 455-acre district is administered by the City of Watsonville, and is designed for heavy as well as light industry. All the others are for light industry only, and are oriented to research and development activities, distribution facilities, and commercial offices.

The principal employers in Santa Cruz County are listed on the following page.

SANTA CRUZ COUNTY

Industrial Parks and Districts

Name	Year Established	No. of Acres	No. of Firms
Airport Area Industrial District	1960	170	14
Santa Cruz Industrial Park	1963	128	14
Watsonville Industrial Park	1962	80	16
Watsonville Westside Industrial District ..	1960	455	132
West Santa Cruz Industrial Park	1968	100	6

Source: California Chamber of Commerce.

Cabrillo College



SANTA CRUZ LABOR MARKET

Principal Employers

Company	Product/Service	No. of Employees
INDUSTRIAL:		
Pacific Coast Producers	Food processing	445
Lockheed Missiles & Space Co.	Missiles and research	375
Salz Leathers, Inc.	Leather products	354
Pacific Plantronics Inc.	Electronics	265
Pacific Cement and Aggregates	Cement	200
Wm. Wrigley, Jr. Company	Chewing gum	260
Thomas J. Lipton Inc.	Food packaging	235
Watkins-Johnson Company	Electronics	217
Colshire of California, Inc.	Garments	150
Green Giant Company	Processors of various frozen foods	200-1,000 ^①
Watsonville Canning & Frozen Foods Co.	Processors of frozen and canned foods	600-1,200 ^①
Amtek/Pacific Extrusions	Aluminum extrusions	230
Kaiser Refractories—Division of Kaiser Aluminum Co.	Basic refractories	440
Granite Rock Company	Sand, rock and construction materials	300
Spectra-Mat Inc.	Electronic components	75
John Inglis Frozen Foods Co.	Processors of frozen fruits and vegetables	50-250 ^①
Pacific Gas & Electric Co.	Electric Power Plant—Steam generating	165
Santa Cruz Sentinel Publishers	Newspaper	150
J. M. Smucker Co.	Food packer	100-200 ^①
Intel Corporation	Computer components	300 ^②
Richard Shaw & Co.	Frozen foods	100-820 ^①
NON-MANUFACTURING:		
University of California, Santa Cruz	Education	2,878
Pajaro Valley Unified School District	Education	1,225
Pacific Gas & Electric	Utilities	350
Pacific Telephone	Utilities	519
Cabrillo College	Education	650
Safeway Stores, Inc.	Food buyer	175
County Bank of Santa Cruz	Commercial bank	390
Seaside Company	Entertainment	270
Ford's Department Store	Retail	205
Granite Construction Co.	Heavy construction	250
Watsonville Community Hospital	Medical care	320
Santa Cruz General Hospital	Medical care	220

^① Seasonal.

^② At full production in 1977.

Sources: Santa Cruz Chamber of Commerce, Watsonville Chamber of Commerce, and Bay Area Employer Directory.

Agriculture

The gross value of farm production in Santa Cruz County has exceeded \$66 million annually in each of the past three years. In 1975 the principal agricultural categories were vegetables, nursery items, and fruits and nuts, whose aggregate values accounted for more than 76 percent of the year's production. Largest individual crops in the county are apples, strawberries, and lettuce.

Brussels sprouts, lettuce, green beans and cauliflower are profitable crops along the north Santa Cruz coast. In the Mid-County area, mushrooms and strawberries are grown extensively. Apples, the county's number one crop, are grown in the Pajaro Valley and processed or packed in Watsonville.

Approximately one-third of California's total apple crop is produced in the Watsonville area.

A major mushroom-growing industry is located just west of the District near Soquel. Four crops are harvested annually, with a gross value of more than \$5 million. Castle and Cooke Foods—Soquel Mushroom Division is the largest grower and packer of mushrooms in the United States. This firm packs and ships seven million pounds of mushrooms each year, employing 150 persons.

The following tabulation presents the gross value of agricultural production in Santa Cruz County over the most recent five-year period, and lists the nine industrial crops which grossed \$1 million or more last year.

SANTA CRUZ COUNTY

Gross Value of Agricultural Production

(\$000 Omitted)

Commodity	1971	1972	1973	1974	1975
Fruits and Nuts	\$11,429	\$15,318	\$17,848	\$17,917	\$13,678
Berries	6,508	8,188	10,505	9,898	10,533
Field Crops	794	798	941	1,084	1,067
Nursery Products	7,029	8,528	9,761	11,871	15,939
Vegetables	16,280	20,281	22,439	21,433	23,277
Animal Products	4,822	4,236	4,866	4,387	4,888
Total	\$46,862	\$57,349	\$66,360	\$66,590	\$69,382

Source: County Agricultural Commissioner.

SANTA CRUZ COUNTY

Million Dollar Crops 1975

Crop	Gross Value
Apples	\$13,400,000
Strawberries	9,600,000
Lettuce	8,400,000
Cut Flowers	7,800,000
Ornamental Nursery Stock	7,800,000
Mushrooms	5,200,000
Brussels Sprouts	4,900,000
Poultry	2,500,000
Celery	1,100,000

Source: County Agricultural Commissioner.

Commercial Activity

Within the District are two active shopping centers, and a third is under construction. The Rancho Del Mar Shopping Center, located at the Seacliff Beach turnoff from Highway 1, has more than 50 retail and personal service establishments, including Leask's Department Store, the County Bank of Santa Cruz, and a U.S. Post Office. A portion of the 41st Avenue Santa Cruz-Capitola commercial complex lies within the District, with an Albertson's Food Center store, a Wells Fargo Bank office, and other commercial establishments receiving District services. In December 1975 Albertson's was issued a building permit valued at \$260,000 to build an addition to the store.

Now under construction near Rio Del Mar is Deer Park Center, a shopping center that will include a market and a bank in its first stage of development. Additional commercial establishments are planned. Details are not available at this time.

Within the District, taxable transactions are available only for the City of Capitola. The accompanying summary presents taxable sales for Capitola and the County of Santa Cruz since 1970.

TAXABLE TRANSACTIONS

(\$000 Omitted)

Year	City of Capitola		Santa Cruz County	
	Outlets	Transactions	Outlets	Transactions
1970	138	\$12,522	3,198	\$217,162
1971	156	18,068	3,389	251,909
1972	174	16,214	3,725	303,474
1973	181	20,284	3,847	353,051
1974	210	24,807	4,114	387,893
1975	229	26,429	4,492	430,361
1976 (3 months)	240	6,693	—	107,517

Source: State Board of Equalization.

New Construction

Building permit activity in the District is presently at a very high level. The county reports building permit valuation data only for incorporated areas, consequently a tabulation of all permits within the District is not available. However, information from the County Building Inspector-Planning indicates that both residential and commercial new construc-

tion activity is well above the previous year. Residential construction consists mainly of single family homes in the medium to upper price brackets, with a substantial number of duplexes, condominiums, and apartments being built.

Building permit valuations for the City of Capitola and Santa Cruz County by years since 1971 are presented below. For the first eight months of 1976, both were above full-year 1975 levels.

BUILDING PERMIT VALUATION

(\$000 Omitted)

	City of Capitola		Santa Cruz County	
	Residential	Total	Residential	Total
1971	\$1,274	\$1,612	\$39,054	\$49,025
1972	7,351	9,861	68,130	85,602
1973	3,359	3,959	50,045	60,050
1974	247	298	33,981	48,776
1975	777	1,341	50,689	62,993
1976 (8 months)	1,106	3,727	53,592	66,325

Source: "California Construction Trends," Security Pacific Bank.

Transportation

The coast line of Southern Pacific railroad traverses the District, providing rail freight service to regional and national markets.

Also traversing the District is State Highway 1, which follows the California coast from Mexico to Oregon. At Santa Cruz, State Highway 17 runs north to San Jose, where it joins U.S. 101, Interstate 280 and State Highway 17 for freeway access to San Francisco, Oakland, and other Bay Area cities. At San Jose, a link with Interstate 680 leads to east-west Interstate 580 and additional freeway access to the Central Valley. A short distance south of the District, State Highway 152 runs easterly through Watsonville to a connection with U.S. 101, serving inland areas, and with Interstate 5, the principal north-south freeway of California leading to Los Angeles and Southern California.

All major coastal motor freight lines serve the District. There is overnight delivery to Los Angeles, San Diego, Fresno, and Reno.

Greyhound Bus Lines maintains terminals at Santa Cruz and Watsonville. Local motor transportation in the District is provided by Santa Cruz Metropolitan Transit District, which serves the entire county.

Regularly scheduled air passenger and cargo service are available at San Jose Municipal Airport, 38 miles north, at Monterey Peninsula Airport, 34 miles south, and San Francisco International Airport, 66 miles north. General aircraft sales and services are available at Skypark Airport near Santa Cruz and at Watsonville Municipal Airport.

Utilities

Natural gas, electricity, and telephone service are provided throughout the Mid-County region by Pacific Gas and Electric Company and Pacific Telephone Company.

Education

Public school services in the elementary grades for the western part of the District are furnished by the Soquel Elementary School District (grades K-8) and the Live Oak School District (grades K-8). Instruction in the secondary grades is provided by the Santa Cruz City Schools. In the eastern sector, from Rio Del Mar to La Selva Beach, public education from kindergarten through high school is the responsibility of the Pajaro Valley Unified School District, which serves the Watsonville area.

Enrollments in the Soquel Elementary School District and the Live Oak School District have been comparatively stable over the past five years, averaging 1,954 students at Soquel and 1,333 students at Live Oak. October 1976 enrollments were 1,950 and 1,308, respectively.

Cabrillo College, administered by the Cabrillo Community College District, is located on a beautiful 134-acre campus between Soquel and Seacliff, on the north side of State Highway 1. The college opened in 1962 and reported enrollment of 9,008 students in 1975, an increase of nearly 3,000 over the 1970 enrollment. Cabrillo offers lower-division transfer courses and the Associate in Arts certificate for those who wish training in vocational fields. Facilities include a gymnasium with seating for 1,000 spectators, a swimming pool, 9 tennis courts, a baseball field, a track and football stadium seating 3,000, and a 541-seat Little Theater.

The University of California at Santa Cruz occupies a 2,000-acre campus located in rolling, wooded hills overlooking the ocean west of the City of Santa Cruz. The campus opened in 1965 with 500 students and now has an enrollment of more than 5,600. Separate residential colleges, ranging from 250 to 1,000 students each, are arranged with students, a dean, and faculty members in residence as a cohesive unit.

Community Facilities and Recreation

Financial services in the District are provided by Bank of America (2 branches), County Bank of Santa Cruz (3 branches), Gavilan Bank (2 branches), Wells Fargo Bank (2 branches), Fidelity Savings and Loan, Security Savings and Loan, and World Savings and Loan Association (2 branches).

There are two general hospitals in Santa Cruz with a total capacity of 330 beds. Watsonville Community Hospital has 120 beds, and offers 24-hour emergency service. At Capitola are four convalescent or extended care hospitals.

The Santa Cruz County Public Library System maintains branch libraries at Aptos, Capitola, La Selva Beach, and Soquel.

Local newspapers include the Cabrillo Times, the Santa Cruz Sentinel, and the Watsonville Register-Pajaronian. San Francisco, Oakland and San Jose metropolitan newspapers are available daily in the District. Located within 30 miles of the District are eight radio stations and two television stations re-

ceived direct. Television cable companies provide service to District residents from both Santa Cruz and Watsonville.

The District is served by the following fire protection districts: Capitola Fire District, Aptos Fire District, Soquel Fire District, and La Selva Fire District.

The State of California has set aside over 13,000 acres for parks and beaches in the county. Located in the District are Capitola Beach State Park (5 acres), New Brighton Beach State Park (50 acres), Seacliff Beach State Park (62 acres), and Manresa Beach State Park. Seacliff has nearly two miles of ocean frontage. Because of its gentle surf and absence of swimming hazards, Seacliff attracts over one million visitors a year. Other well-known parks in the county include Big Basin and Henry Cowell Redwoods State Parks, located north of Santa Cruz.

Aptos Seascape Golf Course and Lodge at Rio Del Mar has an 18-hole course and other recreational facilities available for public use. Cabrillo

Golf Course at Aptos has 9 holes. Pasatiempo Golf Course in Santa Cruz is internationally famous. There are two other golf courses in Santa Cruz and two at Watsonville.

A \$5.5 million small craft harbor has been completed in the City of Santa Cruz. Plans have been announced for an ultimate capacity of 1,000 boats.

The City of Capitola sponsors a Begonia Flower Festival in early September each year, about the same time as the Miss California Pageant and coronation in Santa Cruz. Both cities actively support the tourist industry, a large income producer for Santa Cruz County.

Cultural and social events of broad community appeal are regularly scheduled by Cabrillo College and the University of California at Santa Cruz. District residents are within a one-hour drive of Metropolitan San Jose and 1½ hours from the many recreational advantages of the San Francisco-Oakland Metropolitan Area.

Aptos-Seascape Golf Lodge



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